

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0524-01
Bill No.: Perfected HB 138
Subject: Education, Elementary and Secondary; Employees - Employers; Labor and Management
Type: Original
Date: May 2, 2011

Bill Summary: This proposal establishes the School Construction Act which exempts the construction and maintenance work done for certain school districts from the prevailing wage rate requirement upon the school board's approval.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Labor and Industrial Relations (DOLIR)** state this proposal will have no fiscal impact on their agency.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume the passage of this proposed legislation would require zero increase in state cost and has the benefit of reducing public school district facility construction costs significantly. DESE was unable to estimate the amount of this potential savings.

Officials from the **Fair Grove School District** assume this proposal would have a positive fiscal impact on school districts. By not paying prevailing wage, tax payers could get more for the tax dollars and bond issues would not have to max out bonding capacities.

Oversight sent fiscal note response requests to several other school districts; however, they have not responded. In response to a similar proposal from 2006 (HB 1811 - FN 4966-01), these local school districts responded as follows:

Officials from the **Poplar Bluff School District** assumed the proposal would have a positive fiscal impact on schools.

Officials from the **Joplin School District**, based on previous renovation costs, assumed a 25% savings in construction costs could be realized with the passage of the proposed legislation.

Oversight assumes that not all school districts with pending construction projects may elect out of the prevailing wage requirements and not all construction and renovation projects would be undertaken; however, **Oversight** assumes savings could exceed \$100,000 in any given year statewide.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
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LOCAL POLITICAL SUBDIVISIONS

<u>Savings</u> - School Districts - Construction and maintenance costs	Could exceed <u>\$100,000</u>	Could exceed <u>\$100,000</u>	Could exceed <u>\$100,000</u>
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ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>Could exceed \$100,000</u>	<u>Could exceed \$100,000</u>	<u>Could exceed \$100,000</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposed legislation establishes the School Construction Act which exempts, except in counties with a charter form of government (St Louis County, St Charles, Jackson), the construction and maintenance work done on behalf of a school from the prevailing hourly wage rate requirement upon the approval of the school board. If a school district exempts itself, it must notify the Division of Labor Standards within the Department of Labor and Industrial Relations of the exemption.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education

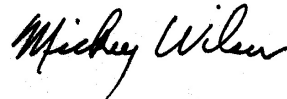
Department of Labor and Industrial Relations

School Districts

Fair Grove

Poplar Bluff

Joplin

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA

Director

May 2, 2011